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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE  
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: August 3, 2007

#### Progress on Minimal Social Security Issue

¶1. The intended implementation of the plan to introduce a minimal social security income is taking shape. According to Minister for Social Affairs, Erwin Buchinger, who presented a report on the current state of the negotiations between the federal government and the provinces the project is making progress. Starting 2009, persons who are in need of social security assistance, will receive 726 euro 14 times a year. It is still unclear how many people will benefit from the new social security regulations.

Semi-official daily "Wiener Zeitung" reports that the new social security program is expected to cost the provinces an additional 100 million euro per year. The provinces intend to get compensation for their expenses from the federal government in the course of the financial compensation agreement that is currently negotiated with the Ministry of Finance. According to mass circulation tabloid "Neue Kronenzeitung," Buchinger has also come forward with the suggestion that people with incomes up to about 1,200 euro per month should be supported through a raise of the so-called "negative tax" - the reimbursement of parts of their social security payments by the tax authorities. This plan still has to be negotiated with the coalition partner OeVP.

#### Military Action to Free the Hostages?

¶2. It can no longer be ruled out that the US will start a military action to free the South Korean hostages in Afghanistan. In contrast to earlier reports, Assistant Secretary of State Richard Boucher stated in Washington that "every possible pressure must be exerted on the Taliban in order to force them to free the hostages." Boucher did not specify the extent of the pressure the US administration was willing to exert, but mentioned "potential military means." This seems to contradict previous statements on the part of Deputy US Secretary of State John Negroponte and South Korean Foreign Minister

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Song Min Soon. In the meantime, South Korea seeks talks with the Taliban. [ORF online; Oel radio morning news]

#### US Wants Stronger UN Role in Iraq

¶3. The US and Britain favor a stronger UN mandate in Iraq. A joint resolution draft, which was circulated on Wednesday, provides for a considerably extended mandate. So far, the UNAMI (United Nations Assistance Mission for Iraq) has been chiefly restricted to support and advisory roles with regard to election procedures, human rights and humanitarian issues. The new mandate will be more political - it will include conflict management on the regional and national

levels.

Independent daily "Der Standard" reports on a plan put forward by US Ambassador to the UN Zalmay Khalizad, who envisions a stronger mediator role for the UN in matters of border security and energy supplies. However, UNAMI is also supposed to be more involved in the redrafting of the Iraqi constitution - there, its role had been marginalized by the US in the course of the 2005 constitutional process. The outcome was a highly deficient text which now has to be repaired, analyzes the daily. The UNAMI has to choose a new leadership in the fall when its present head Ashraf Qazi withdraws - according to "Der Standard," the US is already trying to influence the choice of a successor. The latest US plans for a new UN role in the pacification of Iraq is very critically seen by senior editor for independent daily "Der Standard" Gudrun Harrer: "If the US is now ready to agree to a separate UN role, this is not because it is following genuine multilateral impulses, but because it wants to share the disaster with someone at least. It would be interesting to learn whether the US and Britain really believe that the UN is capable of saving the sinking ship, or whether their strategy is simply "devil-may-care." ... No, there is no reason for mockery. Everybody wishes that the UN will make the miracle happen: Start a national dialogue, establish institutions, and organize regional support. The question of whether it would have been capable of this if it had been granted a real role earlier remains unanswered. It is questionable. However, it could hardly have done a worse job than the US."

#### Palestinian State Closer

¶4. In the controversy around a separate Palestinian state, Israel and the Palestinian leadership in the West Bank are coming closer to each other. Israel's Prime Minister Ehud Olmert has proposed a joint declaration where the principles underlying a future Palestinian state are defined. This was made public by US Secretary of State Condoleezza Rice during her visit at Ramallah in the West Bank. Hamas accused Rice of wanting to "pit the two Palestinian parties against each other and thus support the Zionist occupation." While there is a rapprochement between Israel and Palestinian President Abbas, the Hamas is increasing their weapons arsenal in the Gaza Strip with Iran's help, writes centrist daily "Die Presse." So far, the Hamas is excluded from the international peace efforts - which is the reason why the Saudis only hesitatingly agreed to attend the Middle East peace conference in the fall, which was initiated by US President Bush. The daily points out that the new special envoy of the Middle East group consisting of the US, the UN, EU and Russia, Tony Blair, is planning a conference focusing on the issue of business cooperation between Palestinians and Israelis. When Blair paid his courtesy call on Israel's Prime Minister, he also raised the issue of a tunnel that would connect the Gaza Strip with the West Bank and would not just create numerous jobs, but also advance the inner-Palestinian reconciliation process.

#### Pressure on Sarkozy Because of Libyan Deal

¶5. There is mounting pressure on the French government on account of the alleged secret agreements and weapons deals with Libya in connection with the liberation of five Bulgarian nurses and one doctor from a Libyan prison. On Thursday, the Socialist opposition and the conservative government party UMP demanded that the facts around the agreements be made public. On Wednesday, the daily "Le Monde" had reported on a statement made by Gaddafi's son, who claimed that the agreements with France on weapons supplies had been instrumental in the liberation of the prisoners. In the meantime, France's President Nicolas Sarkozy has denied the conclusion of weapons deals with Libya, stating that there had been no agreements for military cooperation between France and Libya, reports semi-official daily "Wiener Zeitung." This was confirmed by his Foreign Minister Bernard Kouchner, although he admitted that there was always a "small hidden aspect" in prolonged negotiations of the kind that took place between France and Libya, writes ORF online. The weapons deals mentioned in the French press were already rather concrete: They ranged from rocket-propelled grenades to the modernization of the Libyan bombers of the type "Mirage -F1." Kouchner did not rule out that further agreements with Libya are in the making, aside from the agreement about the civilian use of nuclear energy. This agreement already caused severe disagreements within the EU with Sarkozy being heavily criticized for his go-it-alone policy.

Kilner